



USAID
FROM THE AMERICAN PEOPLE

PHILIPPINES

SUCCESS STORY

Unleashing bottled up profits



When he received his first loan from the Rural Bank of Datu Paglas, Mr. Toten Sambutuan added more cases of softdrinks to his inventory. A year after his first loan, he has more than quadrupled his inventory and is now earning three times as much profit.

Almost all of the sari-sari (small grocery) store owners in the town of Datu Paglas on the island of Mindanao know Mr. Toten Sambutuan, a wholesaler who delivers their daily supply of softdrinks.

Although he had very few competitors in town, Mr. Sambutuan's business barely grew during its first three years of operation. "Before, I sold an average of fifteen cases a day; even if I wanted to sell more, the most I could afford to add to my inventory was five cases a day," he says.

When his neighbor told him about the new microloan service that the Rural Bank of Datu Paglas was offering, Mr. Sambutuan did not think twice. He immediately applied for a loan so that he could increase his inventory with the funds.

The Rural Bank of Datu Paglas had just started a microcredit program that had been developed with assistance from USAID's Microenterprise Access to Banking Services (MABS) Program. Mr. Sambutuan initially received a Php30,000 (\$545) microloan, which he used to expand his inventory.

Mr. Sambutuan recounts, "Three years ago, I was selling only fifteen cases of softdrinks a day. Now, I sell an average of 80 cases a day; my profits today are three times as much as what I was earning three years ago." He also notes that, "Since the Rural Bank of Datu Paglas began offering microloans, I noticed an increase in the size of orders. More people have established sari-sari stores and most of my customers have increased their orders by a few cases a day."

Mr. Sambutuan is currently repaying his fourth loan. He plans to take a fifth loan, which he will use to buy a delivery truck. He plans to expand and deliver softdrinks to nearby towns – trips that his old motorized tricycle could never handle.

After participating in the MABS Program for only twelve months, the Rural Bank of Datu Paglas had disbursed more than PhP1.4 million (about \$28,000) in microloans to more than 400 microentrepreneurs like Mr. Sambutuan.